

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-11 LAB-06

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 7914

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L SECTION 1 OF 2 TEGUCIGALPA 3641

USCINCSO FOR POLAD

E.O. 11652: GDS

TAGS: ELAB, ETRD, PINT, HO

SUBJECT: CONVERSATION WITH LABMIN GAUTAMA FONSECA
ON UNITED FRUIT STRIKE AND AGRARIAN REFORM

REF: (A) TEGUCIGALPA 2799; (B) TEGUCIGALPA 3620;

(C) FONSECA MEMCON OF JUNE 28, 1974

SUMMARY: LABMIN FONSECA INFORMED POLOFFS YESTERDAY THAT HE
WAS UNSUCCESSFUL IN RESOLVING LABOR DISPUTE AT UNITED FRUIT'S
TELA SHIPPING CARTON FACTORY AND THAT HE WILL PRESENT
DOCUMENT TO CHIEF OF STATE LOPEZ FOR SIGNATURE TODAY
DECLARING THAT STRIKE AND EARLIER STRIKE AT U.S. OWNED
BEMIS-HANDAL TEXTILE FACTORY ILLEGAL. UNITED FRUIT'S
INVENTORY OF BOXES WILL BE EXHAUSTED AROUND SEPTEMBER 21
AND SHIPMENTS WILL BE SUSPENDED IF STRIKE STILL UNRESOLVED.
FONSECA HAS PRESENTED NEW DRAFT OF AGRARIAN REFORM LAW TO
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CHIEF OF STATE LOPEZ AND COUNCIL OF MINISTERS. DISCUSSIONS

BY THE MINISTERS ARE TO CONTINUE THIS WEEK AND FONSECA EXPECTS APPROVAL OF FINAL DECREE BY WEEK'S END WITH PUBLIC ANNOUNCEMENT MADE PRIOR TO SEPTEMBER 15. END SUMMARY.

1. IN CONVERSATION WITH POLOFFS YESTERDAY LABMIN FONSECA DESCRIBED HIS UNSUCCESSFUL EFFORTS TO RESOLVE 18 DAY OLD DISPUTE BETWEEN UNITED FRUIT AND WORKERS OF THE COMPANY SHIPPING CARTON FACTORY IN TELA (SEE REFTEL B). THE STRIKE BEGAN BECAUSE OF AN ALLEGEDLY ARBITRARY ACTION OF A COMPANY SUPERVISOR AND CONTINUES WITH APPROXIMATELY 180 WORKERS OUT. ACCORDING TO FONSECA, UNITED HAS ALREADY GIVEN ADVANCE NOTICE TO 4,000 (APPROXIMATELY 40 PERCENT OF WORK FORCE) WORKERS THAT THEY WILL BE SUSPENDED SEPTEMBER 21 WHEN CURRENT INVENTORY OF CARTONS IS EXHAUSTED.

2. SITUATION IS COMPLICATED BECAUSE UNION (SITRATERCO) LEADERSHIP IS CURRENTLY INVOLVED IN ANNUAL CONGRESS AND CANNOT DEVOTE FULL ATTENTION TO DISPUTE'S RESOLUTION. IN LIGHT OF FAILURE OF HIS DIRECT INTERVENTION FONSECA PLANS TODAY TO RESPOND POSITIVELY TO COMPANY REQUEST TO DECLARE STRIKE ILLEGAL AND TO CARRY DOCUMENTS TO CHIEF OF STATE LOPEZ FOR SIGNATURE (BEMIS-HANDAL TEXTILES STRIKE, DESCRIBED REFTEL (A) WILL ALSO BE DECLARED ILLEGAL.) FONSECA CLAIMS THAT HE CLEARED THIS ACTION THROUGH SITRATERCO SECGEN OBDULIO CACERES WHO FEARS THAT CONTINUED STRIKE IN THE BOX FACTORY COULD LEAD TO UNION-WIDE WILDCAT STRIKE WHICH UNION LEADERSHIP COULD NOT CONTROL. FONSECA LAMENTED THE INCREASINGLY WEAK CONTROL OVER THE UNION RANK AND FILE EXERCISED BY THE III SITRATERCO PRESIDENT OSCAR GALE AND ADDED THAT CACERES IS EVEN LESS CAPABLE OF PROVIDING THE NECESSARY LEADERSHIP. FONSECA (AND APPARENTLY CACERES) FEARS THAT DISSIDENT ELEMENTS WITHIN THE UNION (PRIMARILY COMMUNISTS) WILL USE THE BOX FACTORY STRIKE TO CHALLENGE CURRENT UNION LEADERSHIP. FONSECA FEELS THAT A DECLARATION OF THE STRIKE'S ILLEGALITY IS THE ONLY PROPER COURSE UNDER THE CIRCUMSTANCES AND HOPES THAT UNITED BRANDS' MANAGEMENT ACTS RESPONSIBLY FOLLOWING THE GOH DECLARATION. ONCE A STRIKE IS DECLARED ILLEGAL THE EMPLOYER MAY LEGALLY DISCHARGE ALL STRIKERS. FONSECA FEARS THAT SUCH AN ACTION BY UNITED WOULD RESULT IN MASSIVE SYMPATHY STRIKES ON THE

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PART OF FESITRANH UNIONS ON THE NORTH COAST.

3. FONSECA GAVE THE IMPRESSION THAT HE THOUGHT THE BANANA TAX QUESTION FINALLY SETTLED. HE EXPRESSED GRATITUDE THAT THE CURRENT STRIKE CAME AFTER THE AGREEMENT ON THE TAX WITH THE BANANA COMPANIES HAD BEEN REACHED.

4. TURNING TO GENERAL POLITICAL SUBJECTS FONSECA SAID

THAT HE HAD TAKEN IT UPON HIMSELF TO PREPARE A NEW DRAFT OF THE AGRARIAN REFORM LAW WHICH HE HAD PRESENTED IN TURN TO THE CHIEF OF STATE AND THE COUNCIL OF MINISTERS (SEE REF C). THE MINISTERS BEGAN DISCUSSION OF THE DRAFT THIS WEEK AND FONSECA EXPECTS FINAL AGREEMENT ON A DECREE BY WEEK'S END. HE EXPECTS AN EARLY PROMULGATION OF THE DECREE AND WOULD LIKE TO ARRANGE A MASSIVE COMPESINO DEMONSTRATION IN SUPPORT OF THE LAW SIMILAR TO THE ANACH JANUARY 13 DEMONSTRATION IN SAN PEDRO SULA. SUCH A DEMONSTRATION, POSSIBLY ON HONDURAS' NATIONAL DAY, SEPTEMBER 15, WOULD RETURN THE INITIATIVE ON THE AGRARIAN REFORM QUESTION TO THE GOVERNMENT AND PUT "REACTIONARY" ELEMENTS ON THE DEFENSIVE. THE MINISTER DECLINED TO DISCUSS MANY SPECIFICS BUT SAID THAT THE LAW WILL FULFILL THE PROMISES MADE BY GENERAL LOPEZ ON JANUARY 1. HE ADDED THAT THE DISCUSSION OF THE LAW WAS A CLOSELY GUARDED SECRET AND NO ONE OUTSIDE THE CABINET KNEW THE SUBJECT OF THE CURRENT EXTENDED MEETINGS.

5. FOLLOWING THE COMPLETION OF THE AGRARIAN REFORM LAW, FONSECA EXPECTS TO COMPLETE THE LABOR CODE REFORM BY SEPTEMBER 30 AND WILL THEN TURN HIS ATTENTION TO WORKING OUT A COMPLETE REFORM OF THE GOH ADMINISTRATIVE APPARATUS IN COOPERATION WITH THE PLANNING MINISTRY.

6. COMMENT: THE DECLARATION OF THE ILLEGALITY OF THE UNITED FRUIT STRIKE OFFERS BOTH RISKS AND BENEFITS FOR THE GOH. FONSECA EXPRESSED ANNOYANCE AT THE INCREASING

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NUMBER OF ILLEGAL WALKOUTS AND HOPES THAT THEY WILL
DIMINISH FOLLOWING THIS ACTION. ALSO, THE PRIVATE SECTOR,
A LONG TIME FOE OF FONSECA, WILL FIND IT DIFFICULT TO
CRITICIZE THIS ACTION. PRIOR CLEARANCE THROUGH SISTRATERCO
SHOULD MEAN THAT THE MOVE WILL NOT DAMAGE THE CURRENTLY
CORDIAL RELATIONSHIP BETWEEN LABOR AND THE GOH. HOWEVER,
QUICK ACTION ON UNITED'S REQUEST TO DECLARE THE STRIKE
ILLEGAL IS AWKWARD SINCE THE GOH RECEIVED STRONG CRITICISM
FOR RESPONDING TO FRUIT COMPANY PRESSURE BEFORE AND DURING
THE BANANA TAX NEGOTIATIONS. THESE DECLARATIONS
OF STRIKE ILLEGALITY WILL BE THE FIRST SINCE THE LOPEZ COUP
OF DECEMBER 4, 1972, ALTHOUGH THERE HAVE BEEN MANY REQUESTS.
SINCE BOTH STRIKES INVOLVE AMERICAN OWNED OR AFFILIATED
COMPANIES THE GOH SETS ITSELF UP FOR MORE CRITICISM ABOUT
ITS ACTIONS TOWARDS U.S. CAPITAL.

7. THE SECRECY WITH WHICH THE CABINET IS TREATING THE
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DISCUSSION OF FONSECA'S AGRARIAN REFORM LAW SHOWS THAT THEY
DO NOT WISH A PREMATURE LEAK TO DESTROY THIS DRAFT AS AN
EARLIER DRAFT WAS DESTROYED BY PUBLIC DISCLOSURE AND
CRITICISM. FONSECA'S DISCUSSION INDICATED THAT THE
MINISTERS WERE NOT UNANIMOUS IN THEIR VIEWS OF THIS DRAFT
SO IT IS NOT CERTAIN HOW LONG THIS ONE CAN BE KEPT FROM
PUBLIC KNOWLEDGE. CONSIDERING HOW LONG THE GOH HAS DELAYED
ON AGRARIAN REFORM IT IS DIFFICULT TO SEE HOW FONSECA
EXPECTS THAT THIS DRAFT, PREPARED ON HIS OWN INITIATIVE,
CAN BE IMPLEMENTED SO QUICKLY. IF THE GENERAL TREND OF
THE MINISTER'S COMMENTS IS CORRECT, HIS POSITION IN THE
CABINET IS NOT ONLY SECURE BUT HE IS ALSO ONE OF THE
MOST IMPORTANT SHAPERS OF DOMESTIC POLICY IN THE
GOH.
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